

PERSONAL AND
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NOT FOR PUBLICATION
EITHER IN WHOLE OR IN PART

BILDERBERG MEETINGS

WIESBADEN
CONFERENCE

25-27 March 1966

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THE HON. FRED HARRIS

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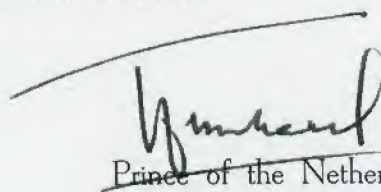
Soestdijk Palace, December 1965

Dear Mr Harris

Marge file

I have the honour to invite you to the next Bilderberg Meeting which will be held at the Hotel "Nassauer Hof" at Wiesbaden in Germany on 25, 26 and 27 March 1966.

You will find the agenda for this conference at the inside.



Prince of the Netherlands

R.S.V.P. Bilderberg Meetings
1 Smidswater, The Hague

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AGENDA

- I. Should NATO be reorganised and if so how?
- II. The future of world economic relations especially between industrial and developing countries.

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

UNITED NATIONS PLAZA AT 46TH STREET NEW YORK 17, NEW YORK CABLE ADDRESS INTERPAX OXFORD 7-3131

OFFICE OF THE PRESIDENT

15 February 1966

To the American Participants in the 1966 Bilderberg
Meeting

From: Eva Popper, Assistant to Mr. Johnson

Subject: Travel Arrangements

I enclose herewith a list of flights between New York and Frankfurt for Wednesday, 23 March, and Sunday, 27 March. You may recall that participants are asked to arrive in Wiesbaden (which is a half hour by car from Frankfurt Airport) by the evening of Thursday, the 24th.

Transportation between Frankfurt Airport and the Nassauer Hof Hotel in Wiesbaden will be provided by our German hosts. The Bilderberg Secretariat office in The Hague asks that you notify them of your arrival time so that the proper arrangements can be made to meet you at the airport. A card for that purpose is enclosed with the "Notice to Participants." I should be grateful if you would also let me know of your travel plans in case there is any slip-up between this side of the ocean and The Hague.

Participants generally make their own airline reservations for travel to and from the place of the meeting, but please do not hesitate to get in touch with me if I can be of any assistance to you. *

Enclosure

* NOTE: In view of the fact that the Endowment is paying your round-trip fare, I have asked our travel agency, First National City Bank Travel Service in New York, to get in touch with you to make your reservations.

From the Collection of
THE HON. FRED HARRIS



FIRST NATIONAL CITY BANK

TRAVEL SERVICE

399 PARK AVENUE, NEW YORK, N. Y. 10022

VIA AIR MAIL

IN REPLY PLEASE QUOTE

March 17, 1966

Miss M. Banner
Old Senate Office Building
Room 254
Washington, D.C. 20515

*marge
file*

Dear Miss Banner:

Enclosed ticket for Senator Fred R. Harris is being forwarded to you at the request of the Carnegie Endowment for International Peace.

If you have any further questions, please do not hesitate to call me on 212 559-6771.

Very truly yours,

John J. Clarke
John J. Clarke

JJC/mp

Enclosure

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THE HON. FRED HARRIS

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

UNITED NATIONS PLAZA AT 46TH STREET NEW YORK 17, NEW YORK CABLE ADDRESS INTERPAX OXFORD 7-3131

OFFICE OF THE PRESIDENT

14 March 1966

To the American Participants in the 1966
Bilderberg Meeting

From: Joseph E. Johnson

In the past, it has been our custom to have Under Secretary of State George W. Ball, who is the ranking member of the American delegation, brief the American participants prior to the first formal session on the US position on the topics to be discussed at the meeting.

Mr. Ball has agreed to do so again this year, and we have accordingly scheduled a session of the American group at 8:00 a.m. on Friday, 25 March in Mr. Arthur H. Dean's suite at the Nassauer Hof Hotel. I understand that not all of the Americans will have arrived at the Hotel by that time and will therefore have to miss the briefing, but those who have not yet completed their travel arrangements may wish to take this into account in making their plans.

From the Collection of
THE HON. FRED HARRIS

REC'D MAR 15 1966

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

UNITED NATIONS PLAZA AT 46TH STREET NEW YORK 17, NEW YORK CABLE ADDRESS INTERPAX OXFORD 7-3131

OFFICE OF THE PRESIDENT

15 March 1966

Dear Senator Harris:

In Mr. Johnson's absence from the office, I am taking the liberty of acknowledging receipt of your telegram advising him that you will be able to attend the Bilderberg Meeting in Wiesbaden later this month. I know that Mr. Johnson and the other members of the American Steering Committee will be very glad to hear this good news, and will look forward to meeting you there.

I enclose for your information the background papers and other documents for the meeting, including a provisional list of participants, a "Notice to Participants," a memorandum on travel arrangements, some additional reading material, and a memorandum from Mr. Johnson concerning a preliminary meeting of the American group on the morning of the first formal meeting. I am cabling the Bilderberg Secretariat office today to ask that a formal invitation be sent to you from the Prince.

If you have any questions about any of the enclosed papers, or if I can be of assistance to you in any way in connection with your participation in the meeting, I hope you will not hesitate to get in touch with me. I shall be here through the afternoon of the 21st.

Looking forward to meeting you in Wiesbaden, I am

Sincerely yours,

Eva Popper

Eva Popper
Assistant to the President

The Hon. Fred R. Harris
1251 New Senate Office Building
Washington, D. C. 20515

Enclosures

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THE HON. FRED HARRIS

Meetings 2-1

*Marge
file*

March 14, 1966

Marge

Mr. Joseph E. Johnson, President
Carnegie Endowment for International Peace
United Nations Plaza at 46th Street
New York, New York

I AM HONORED TO ACCEPT YOUR INVITATION TO PARTICIPATE IN THE CONFERENCE
IN WIESBADEN, GERMANY, ON THE WEEKEND OF MARCH 25-27. I LOOK FORWARD
TO RECEIVING BACKGROUND PAPERS AND DOCUMENTS AND MORE DETAILS.

FRED R. HARRIS
U. S. Senate

FRH:mb
Official

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

UNITED NATIONS PLAZA AT 46TH STREET NEW YORK 17, NEW YORK CABLE ADDRESS INTERPAX OXFORD 7-3131

OFFICE OF THE PRESIDENT

7 March 1966

REC'D MAR 9 1966

Dear Senator Harris:

You may have heard from some of your colleagues in the Senate, or through press reports, about the Bilderberg Meetings, the private and unofficial meetings of prominent individuals from Western Europe, the United States and Canada, which are chaired by Prince Bernhard of the Netherlands.

The purpose of this letter is to extend to you, on behalf of the American Steering Committee of the Bilderberg Meetings (whose co-chairmen are Arthur H. Dean and H. J. Heinz II), an informal invitation to join us for the next conference, which is to be held in Wiesbaden, Germany, on the weekend of 25-27 March. The agenda for the meeting will consist of two topics: (1) Should NATO be reorganized, and if so, how? and (2) The future of world economic relations, especially between industrial and developing countries.

The enclosed booklet will give you some information on the background and purposes of the Bilderberg Meetings, as well as the names of some of those who have participated in previous meetings, among whom I am sure you will notice many familiar names. Congressional colleagues who have attended these conferences since the booklet was printed include Senators Fulbright, Jackson and Javits, and Representatives Bolling, Brademas, Ford, and Reuss, any of whom would, I should think, be able to give you some of the flavor of the meetings. Indeed, Senator Jackson, who was invited again for this year's meeting, expressed great interest in the conference but for personal reasons had to decline our invitation.

If, as I very much hope, you are able to come, you will receive a formal invitation from the Prince. The background papers and other documents for the meeting will be sent to you as soon as we receive your acceptance.

To help you in making your plans, you may want to know that participants are expected to arrive in Wiesbaden (a half hour by car from

The Hon. Fred R. Harris
1251 New Senate Office Building
Washington, D. C. 20515

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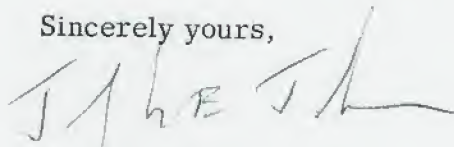
Frankfurt Airport) in time for dinner on Thursday, the 24th, so that the meeting can begin promptly on Friday morning. The meeting ends after lunch on Sunday, the 27th.

I should also add that the Carnegie Endowment has funds available to pay for round-trip transportation to Frankfurt (jet economy class).

Would you please let me know as soon as possible whether you think you will be able to come, barring emergencies. Please don't hesitate to get in touch with me if you would like any additional information or have any specific questions you would like answered.

Looking forward to hearing from you, hopefully in the affirmative, I am, with kind regards,

Sincerely yours,



Joseph E. Johnson

Enclosure

United States Senate

MEMORANDUM

6 p.m.

Senator,

Dean Thurman White called to speak to Bill, and when I told him about your going to Germany tomorrow, he said to give you this message.

Says they are going to have a Bachelor of Liberal Studies Seminar at Wiesbaden this summer and Carlton Berenda and Cecil Lee will go there Aug. 1 through 19th for this purpose. Mr. Beakes is the Educational Officer for the Air Force who knows about this. Dean White thought you might have a chance to ask how the seminars are coming!

I told him I would give you this message. Attached is memo Bill received today on this should you run into any one you can mention this to.

mb

margl
file

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COLLEGE OF
CONTINUING EDUCATION
OFFICE OF THE DEAN

THE UNIVERSITY OF OKLAHOMA
NORMAN, OKLAHOMA, 73069

March 18, 1966

Dr. William R. Carmack
Administrative Assistant
U. S. Senator Fred Harris
Old Senate Office Building
Washington, D. C.

Dear Bill:

In this morning's paper I noticed that Senator Harris will be visiting Wiesbaden, Germany in a few weeks. It occurred to me that he might want to know of the University of Oklahoma's connection there. As you know, Headquarters USAF is located in Wiesbaden. The University of Oklahoma has a cooperative arrangement with Dr. K. Douglas Beakes, Chief of Education in the Directorate of Personnel. More than 45 students from military bases under Beakes' supervision are enrolled in the program. Carlton Berenda and Cecil Lee will go to Wiesbaden August 1 through 19 for a BLS seminar in the Humanities.

It was good to see you in Norman this week. Sorry we didn't get to visit a little longer. All the best.

Sincerely yours,

J. E. Burkett
J. E. Burkett
Assistant Dean

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JEB:dew
AIR MAIL

do time

W. Germany

Italy

Greece

France

U.S.

U.K.

Turkey.

Switzerland

Belgium

Canada

Sweden

Norway

Denmark

Netherlands

Portugal

Prominent
representatives
from 15 Atlantic
community
countries,
including
Chancellor Ludwig
Erhard of the
Federal West Germany.

George W. Ball

Under Secretary of State

David S. Bell, administrator

AID

Conference is sponsored by

Senator Harris is a member
of the Senate Subcommittee on National
Security and International Operations,
now engaged in study of the North
Atlantic Treaty Organization, Subcommittee
Chairman

URGENT

IMPORTANT



INFORMATION FOR PARTICIPANTS

Conference

The Conference will begin on Friday at 10.a.m.

Meeting Rooms

The conference room, the dining rooms and the bar are all located on the ground floor; the Steering Committee room and the Secretariat are on the first floor.

Meals

Breakfast, lunch and dinner will be served in the dining room (on request breakfast will also be served in the rooms).

List of participants

Enclosed you will find two lists of participants, one in alphabetical order and one by country.

Badges

You are urgently requested to wear the enclosed badge during the entire conference in order to indicate your identity and therefore avoid inconvenience.

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Agenda

As mentioned in the invitation, the agenda for the conference at Wiesbaden runs as follows:

- 1.) Should NATO be reorganised and if so how?
- 2.) The future of world economic relations especially between industrial and developing countries.

Introductory papers

Two introductory papers, one drafted by Mr. Robert E. Bowie on the first item of the agenda and another one written by Mr. Jan Tinbergen on the second item, have been mailed to you at an earlier date.

Private expenses

Participants are kindly requested to sign (name and room number) or pay cash for all orders outside full board, such as drinks, telephone calls, telegrams, cables, laundry, etc.

Change

The hall porter will provide all facilities for currency exchange.

Religious services

The hotel porter will provide you with all information concerning religious services.

Transport and return journey

For all problems of transport and especially for your return journey, you are advised to contact the travel

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desk in the hall. In order to facilitate the arrangements for your departure you are requested to fill in the attached form and to hand it in at the desk as soon as possible. This also applies to participants leaving by private planes or other means of transport.

You are reminded that all Bilderberg discussions are strictly confidential and that no information should be given to the press or television with regard to the proceedings of the meeting.

Wiesbaden, March 24, 1966

BILDERBERG MEETINGS

Wiesbaden Conference
25, 26 and 27 March 1966

PROVISIONAL LIST OF PARTICIPANTS

H.R.H. The Prince of the Netherlands
Chairman

Ernst H. van der Beugel
Director of Companies
Honorary Secretary General for Europe

Joseph E. Johnson
President Carnegie Endowment for International Peace
Honorary Secretary General for the United States

Johannes Meynen
Managing Director AKU
Honorary Treasurer

Arnold T. Lamping
Former Ambassador
Deputy Secretary General for Europe

ABS, Hermann J. Chairman of the Board "Deutsche Bank"	Germany
AGNELLI, Giovanni Vice Chairman of the Board and Managing Director FIAT Company	Italy
ARLIOTIS, Charles C. Chairman and Governor National Mortgage Bank of Greece	Greece
ARON, Raymond Journalist and University Professor	France
BALL, George W. Under Secretary of State	United States
BARZEL, Rainer Member of Parliament, Floor Leader of the Christian Democratic Party	Germany
BAUMGARTNER, Wilfrid S. Former Minister of Finance, President "Rhône-Poulenc S.A."	France
BELL, David E. Administrator Agency for International Development	United States
BENNETT, Sir Frederic Member of Parliament	United Kingdom
BERG, Fritz President Federation of German Industries	Germany
BIRGI, M. Nuri Ambassador to NATO	Turkey

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BIRRENBACH, Kurt Member of Parliament	Germany
BOVERI, Walter E. Chairman Brown Boveri	Switzerland
BOWIE, Robert R. Director Center for International Affairs, Harvard University	United States
BROSIO, Manlio Secretary General of NATO	International
BRZEZINSKI, Zbigniew Professor of Government, Columbia University	United States
CAMU, Louis President of the "Banque de Bruxelles"	Belgium
COLLADO, Emilio G. Vice President Standard Oil Co. (N.J.)	United States
COOL, Auguste P. President "Confédération des Syndicats Chrétiens de Belgique"	Belgium
DAVIDSON DUNTON, Arnold President and Vice Chancellor Carleton University	Canada
DEAN, Arthur H. Senior Partner Sullivan and Cromwell	United States
ERLANDER, Tage F. Prime Minister	Sweden
ERHARD, Ludwig Chancellor of the Federal Republic	Germany
ERLER, Fritz Member of Parliament, Floor Leader of the Socialist Party	Germany
FARIBAULT, Marcel President "Trust Général du Canada"	Canada
FAYAT, Henri Deputy Minister of Foreign Affairs	Belgium
GILPATRIC, Roswell L. Lawyer, Former Deputy Secretary of Defense	United States
GRIFFIN, Anthony G.S. Banker	Canada
HAUGE, Gabriel President Manufacturers Hanover Trust Co.	United States
HEALEY, Denis W. Secretary of State for Defence	United Kingdom
HEATH, Edward R.G. Member of Parliament, Leader of the Opposition	United Kingdom
HEINZ II, Henry J. Chairman of the Board Heinz Co.	United States
HØEGH, Leif Shipowner	Norway

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HOLIFIELD, Chet Congressman	United States
JONES, Thomas V. President and Chairman of the Board Northrop	United States
KLEINWORT, Cyril Banker	United Kingdom
KNUDTZON, Harald General Manager "Den Danske Landmandsbank"	Denmark
KRAG, Jens Otto Prime Minister	Denmark
KYMMEL, Jaap Banker, Professor of International Economic Relations	Netherlands
LA MALFA, Ugo Member of Parliament, President Commission for the Budget	Italy
LANGE, Halvard Former Minister of Foreign Affairs	Norway
LECANUET, Jean Senator, President "Centre Démocrate"	France
LUNS, Joseph M.A.H. Minister of Foreign Affairs	Netherlands
MALAGODI, Giovanni F. Member of Parliament, Secretary General Liberal Party	Italy
MALFATTI, Francesco Diplomatic Adviser to the President	Italy
MASON, Edward S. Lamont University Professor, Harvard University	United States
McCLOY, John J. Lawyer and Diplomat	United States
MCCORMACK, James Vice President Massachusetts Institute of Technology	United States
McGHEE, George C. Ambassador to the German Federal Republic	United States
MERKLE, Hans Chairman of the Board Robert Bosch	Germany
MORSE, F. Bradford Congressman	United States
MURPHY, Robert D. President Corning Glass International	United States
NYKOPP, Johan Former Ambassador, President Tampella	Finland
PEDINI, Mario Member of Parliament, Member of European Parliament	Italy
PETERSON, Rudolph A. President and Chief Executive Officer Bank of America	United States

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PETRILLI, Giuseppe President I.R.I.	Italy
PREBISCH, Raul Secretary General of UNCTAD	International
— REUTHER, Walter P. President United Automobile Workers	United States
— ROCKEFELLER, David President Chase Manhattan Bank	United States
SCHILLER, Karl Member of Parliament	Germany
SCHMID, Carlo Vice President Federal Parliament	Germany
— SCHMIDT, Helmut Member of Parliament	Germany
SCHRÖDER, Gerhard Minister of Foreign Affairs	Germany
SCHWARZ, Urs Journalist	Switzerland
SILVA, Manuel R. Espirito Santo Banker	Portugal
SNOY et d'OPPUERS, Baron Managing Partner "Banque Lambert"	Belgium
SPAARK, Paul-Henri Minister of Foreign Affairs	Belgium
— SPOFFORD, Charles M. Lawyer and Diplomat	United States
STOLTENBERG, Gerhard Minister for Science and Research	Germany
— STONE, Shepard Director International Affairs Program, Ford Foundation	United States
TAVERNE, Dick Member of Parliament	United Kingdom
TERKELSEN, Terkel M. Chief Editor "Berlingske Tidende"	Denmark
TINBERGEN, J. Professor of Economics	Netherlands
TUTHILL, John W. U.S. Representative to the European Communities	United States
VITTORELLI, Paolo Senator	Italy
— WALLENBERG, Marcus President International Chamber of Commerce	Sweden
WHEELER, Charles R. Chairman Associated Electrical Industries	United Kingdom
WILLOCH, Kaare Minister of Commerce and Shipping	Norway
WINTERS, R.H. Minister of Trade and Commerce	Canada

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WOLFF von AMERONGEN, Otto Senior Partner Otto Wolff Köln	Germany
—WOODS, George D. President International Bank for Reconstruction and Development	International
WYNDHAM WHITE, Eric Director General GATT	International
ZIJLSTRA, Jelle Professor of Economic Sciences	Netherlands

The Hague, 22 February 1966

P.S.

In case elections in the United Kingdom should prevent the British Members of Parliament mentioned above from attending the Conference, other persons from the United Kingdom will be invited whose names will be mentioned in the definite List of Participants.

BLIDEBERG MEETINGS

Niesbaden Conference

25, 26 and 27 March 1966

H.R.H. The Prince of the Netherlands
Chairman

Ernst H. van der Beugel

Honorary Secretary General for Europe

Joseph E. Johnson

Honorary Secretary General for the
United States

Johannes Meynen

Honorary Treasurer

Arnold T. Lamping

Deputy Secretary General for Europe

AUSTRIA

PORTISCH, Hugo

BELGIUM

CAMU, Louis

COOL, Auguste P.

SNOY et d'OPPIERS, Baron

CANADA

CADIEUX, Marcel

DAVIDSON DONTON, Arnold

PARIBAUT, Marcel

GRIFFIN, Anthony G.S.

DENMARK

KNUDTZON, Harald

KRAG, Jens Otto

TERKELSEN, Terrel M.

FINLAND

NYKOPP, Johan

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FRANCE

ARON, Raymond
 BAUMGARTNER, Wilfrid S.
 DUHAMEL, Jacques
 GEORGES-PICOT, Jacques M.C.
 LECANUET, Jean
 LIPKOWSKI, Jean de

GERMANY

ABS, Hermann J.
 BARZEL, Rainer
 BERG, Fritz
 BIRKENBACH, Kurt
 ERHARD, Ludwig
 ERLER, Fritz
 MERKLE, Hans L.
 SCHMID, Carlo
 SCHMIDT, Helmut
 STOLTENBERG, Gerhard
 WOLFF von AMERONGEN, Otto

ICELAND

THORODDSEN, Gunnar

INTERNATIONAL
ORGANISATIONS

EROSIO, Manlio
 WOODS, George D.
 WYNDHAM WHITE, Eric

ITALY

AGNELLI, Giovanni
 BASSETTI, Piero
 LA MALFA, Ugo
 MALFATTI, Franco M.
 PEDINI, Mario
 PETRILLI, Giuseppe
 VITTORELLI, Paolo

- 3 -

NETHERLANDS	KYMMELL, Jaap LUNS, Joseph M.A.H. TIMBERGEN, Jan ZIJLSTRA, Jelle
NORWAY	HØEGH, Leif LANGE, Halvard WILLOCH, Kaare
PORTUGAL	ESPIRITO SANTO SILVA, Manuel R.
SWEDEN	WALLENBERG, Marcus
SWITZERLAND	SCHWARZ, Urs
TURKEY	BIRGI, M. Nuri
UNITED KINGDOM	BENNETT, Sir Frederic BUCHAN, The Hon. Alastair COHEN, Sir Andrew DUCHENE, Louis-François KEEINWORT, Cyril O'NEILL, Sir Con ROLL, Sir Eric WHEELER, Charles R.
UNITED STATES	BALL, George W. BELL, David E. BOWIE, Robert R. BRZEZINSKI, Zbigniew COLLADO, Emilio G. DEAN, Arthur H. FRANKEL, Max GILPATRIC, Roswell L.

- 4 -

UNITED STATES
(cont'd)

HARRIS, Fred R.
HAUGE, Gabriel
HEINZ II, Henry J.
HOLIFIELD, Chet
JONES, Thomas V.
MASON, Edward S.
McCLOY, John J.
McCORMACK, James
McGHEE, George C.
MORSE, F. Bradford
MURPHY, Robert D.
PETERSON, Rudolph A.
REUTHER, Walter P.
ROCKEFELLER, David
SPOFFORD, Charles M.
STONE, Shepard
TUTHILL, John W.

BILDERBERG MEETING

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WIESBADEN

25, 26 and 27 March 1966

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NOTICE TO PARTICIPANTS

~~Handwritten signature~~

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THE HON. FRED HARRIS

Collection _____ Series _____ Box 30 Folder 31

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BILDERBERG MEETINGS

Wiesbaden Conference

25, 26 and 27 March 1966

ADDITION TO PROVISIONAL LIST OF PARTICIPANTS

As a result of the elections in the United Kingdom Mr. Healey, Mr. Heath and Mr. Taverne will be prevented to attend the Wiesbaden Conference. The following persons from the United Kingdom should, however, be added to the "Provisional List of Participants":

BUCHAN, Alastair

Director Institute for Strategic Studies

COHEN, Sir Andrew

Permanent Secretary to the Ministry of Overseas Development

DUCHÈNE, Louis-François

Journalist

O'NEILL, Sir Con

Deputy Under-Secretary of State, Foreign Office

ROLL, Sir Eric

Permanent Under-Secretary of State, Department of Economic Affairs

From the Collection of
THE HON. FRED HARRIS

Collection _____ Series _____ Box 30 Folder 31

Stella, for filing. Thanks. mb

With the Compliments of

JOSEPH E. JOHNSON

HONORARY SECRETARY GENERAL FOR THE UNITED STATES
BILDERBERG MEETINGS

E.
ER 1
112069
BILDERMEETINGS

20 October 1966

Confidential

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NATO

Dear Sir,

I have pleasure in enclosing a copy of the summary of the Bilderberg Conference held at Wiesbaden, Germany, on 25, 26 and 27 March 1966, together with copies of the speeches of Sir Andrew Cohen, Prof. Mason, Mr. Woods and Mr. Bell, held during the Conference.

I may remind you of the personal and strictly confidential character of these summaries.

If you wish, for future correspondence, any changes in the way Bilderberg correspondence is sent to you (title, name, function, address) you are kindly requested to inform the Secretariat of the modifications you may desire, if possible in a short delay.

With kind regards,

Yours sincerely,

C. Lamping

Arnold T. Lamping

From the Collection of
THE HON. FRED HARRIS

Speech of Prof. Mason at the Wiesbaden Conference.

Your Royal Highness, let me say at the outset that I agree wholeheartedly with what I conceive to be the central theme of Professor Tinbergen's paper - that is that the less developed world does need a substantially larger volume of imports than they are likely to receive under present policies; and I mean policies in the less developed world and in the developed world, if they are to maintain a satisfactory rate of growth. And that means, I think, that the Atlantic countries, plus Japan and a few others, need very much to reconsider both their aid policies and their trade policies, because again I agree with Professor Tinbergen that this is not a question of trade versus aid - something has to be done in both areas.

Now as I look at the sentiment in my own country, and sense the sentiment in Western European countries, I must say that I am filled with a rather deep degree of pessimism as to whether this is likely to be done. But I do think that this is one of the most important questions of public policy that the Western world can turn its attention to. On the other hand, I do not think that we need take too seriously the figures that Professor Tinbergen has quoted from the United Nations. You will remember that these figures were prepared mainly for the United Nations conference on trade and development. And if I may speak in the vernacular, one of the most important purposes of that conference was to put the bite on the developed world, and I feel free to say, and I think it is true, that that purpose entered into the preparation of those particular figures. I don't think there is any such thing as a trade gap or foreign exchange gap. There are many gaps, the size of which depends on the kinds of assumptions you make with respect to a number of variables. It depends on the assumptions you make with respect to the rate of growth that is possible in the less developed world; it depends on the type of development program, development expenditures that are undertaken and what the import components of these development expenditures are likely to be. It depends on what is a feasible rate of increase of export earnings in the less developed world, and it depends very much on the policies that the less developed countries themselves follow with respect to the generation and use of their own resources.

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Now what I might call "gapology" has become a very popular study in this area over the last few years. There is a very good technical document put out by the US Aid Agency that comes to the conclusion that the size of the gap in 1970 might be anywhere between 7 billion dollars and 22 billion dollars, depending on what assumptions you make with respect to these variables that I have talked about. The World Bank, President George Woods, has made statements in recent months that suggest that perhaps as much as 3 or 4 billion dollars in addition to what is provided already could be very effectively used. So the point I am making here is, let's not take the figures of 20 billion and 32 billion in 1970 and in 1975 too seriously. Nevertheless, I repeat what I said at the outset, it does seem to me that if the less developed countries are going to maintain a satisfactory rate of growth they have got to have a greater access to foreign exchange, either through trade measures or through aid measures, or preferably a combination of both.

Now Professor Tinbergen has advocated a figure to be aimed at, a 7% rate of growth of GNP on the average in the less developed world. I don't think that that is a possibility. I mean if you look at what has happened over the last few years, there are not more than two or three lesser developed countries that have approached that at all. Israel has exceeded it, Taiwan for a few years, for the last few years, has attained that particular rate of growth. Venezuela has shown a growth rate of that sort on the basis of its very large oil revenues for some time; but that is a very high figure indeed. And if you take the under-developed world as a whole, I would think it is very unlikely that they would be able to use even the additional aid that I am talking about in such fashion as to attain that average growth rate. Now that does not mean that I don't think that it would be highly desirable if they could attain that rate, but I don't think it is a practicable figure.

I have suggested that a great deal depends on what kinds of policies the less developed countries follow themselves, as to what the size of this foreign exchange gap is. And when I talk about those policies, I am talking about the policies they adopt with respect to exchange rates; do they have a very highly over-valued exchange rate, what kind of export promotional policies do they follow, what kinds of policies do they follow in the use of their own resources, substituting for imports; what kinds of policies do they use to increase their domestic rate of savings, and so on? It is within the competence, speaking

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only economically here, for the less developed world to change their policies in such a way as greatly to lessen the size of this gap.

This brings me to what seems to me to be one of the really central questions that this body, and the Western world in general, should concern itself with. What kind of influence can the developed world bring to bear to influence the domestic policies of aid-receiving countries in such fashion as to make better use not only of their own resources, but of the aid that is provided to them. How much influence can be exerted, and what kinds of influence?

This leads you, I think, into a very difficult problem of what you might call foreign aid diplomacy. I am talking now about the question of conditions that might be attached to aid, strings attached to aid, the leverage that aid gives to aid-providing countries to bring about changes in domestic policy, bargaining power and so on. These are all highly unpopular terms, and the concept in general is unpopular in the less developed world. Because we are dealing here with countries newly emerged for the most part to independence, which have a high degree of sensitivity with respect to interference from abroad in respect to their domestic policies. At the same time, the flow of resources from abroad - and I am including both private investment and public flows - amount, on the average, to close to 25% of the total development expenditures in the less developed world. This is a sizeable fraction. And the provision of these resources does, I think, entitle the developed world to say something about the domestic policies in less developed countries that can affect the efficiency with which aid is used.

This is a terribly sensitive kind of question, and as you look at the problems of the instrumentalities through which this influence can be best exercised, I don't think there is much doubt about it that if you can depend on an international agency its advice is likely to be better received than if you depend on strict bilateral dealings. When you look at the field of international agencies, I come to the conclusion that the only international agency that can do this task acceptably is probably the World Bank which is itself a large provider to the flow of funds, and which is better starfed than any other international agency to form a sensible judgment on what kinds of domestic policies can be influenced in the aid receiving countries. Perhaps George Woods will want to say something about that later. But it is, I think, a fact that the World Bank has been moving more and more in the direction of equipping itself to form sensible judgments on domestic

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policies in less developed countries, and how a change in that policy might make for an effective, more effective use, of the resources of the countries themselves and of the resources that come in from abroad.

In conclusion, Your Royal Highness, I would like to illustrate what I have had to say by reference to the contrast that I have observed at fairly close range between what has happened in India and Pakistan over the last five years.

During the 1950's there was a very large contrast in the success of development programs in these two countries. In sum, the national income of Pakistan increased at a rate of about two-and-a-half per cent during that decade, which was approximately the rate of population growth so there was little, if any, increase in per capita incomes. India did much better. The rate of growth in real terms of Indian national income was about three-and-a-half per cent, and most people around the world thought of the Indian experience as a successful experience, and of the Pakistan experience as a rather dismal failure.

There has been a rather remarkable change in the period of the 1960's. The Indian growth rate of national income has declined if anything - it is perhaps around 3 per cent over the last five years, not including this year in which there has been a rather desperate crop failure in India. On the other hand, Pakistan's national income has grown at the rate of about five-and-a-half per cent a year. And in the field of agriculture, in which it lagged far behind in Pakistan, the rate of growth has been something like 4 per cent, which in the agricultural sector is remarkably good.

When you look at the causes of that change, obviously one of the influences - and I wouldn't minimize the importance of this - has been that Pakistan from all sources has received almost twice aid per capita as India has. The figures, for what they are worth, are about \$ 5 per capita per year in Pakistan, and a little over \$ 3 per capita per year in India. That has made it possible in Pakistan to adopt certain policies that would be very difficult for India to adopt without more aid. But that is not the whole of the story. I would say that Pakistan has also adopted domestic policies that have greatly increased the efficiency of resource use in Pakistan. They have not developed as large a public sector in industry as India has, they have given considerably more scope to private enterprise in Pakistan than India has. I will just take a few examples in the field of agriculture. As far back as 1959 they freed their trade and food grains from government control.

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India has not done that yet, India still procures from surplus areas at fixed prices for sale elsewhere. Pakistan introduced competition in the distribution of fertilizer to farmers; India still to date - although it is in process of change now - has that as a form of Government monopoly plus distribution through cooperatives. Pakistan has given a great scope to the introduction of private irrigation facilities, introduction of pump wells - tube wells - by farmers, which means that the water can be distributed through the land so that you maximize the output per unit of water input, and so on.

I could go into much greater detail about this, but I think the essence of the story is that although Pakistan has received a good deal more aid, and that is a very important consideration, Pakistan has also followed domestic policies with respect to the use of its own resources and of the aid that has been provided to Pakistan, that it has made for much more efficient use of these resources. This I think explains the difference in the growth rate of national income in India and Pakistan in the last five years.

In conclusion, let me say that I do think therefore that one of the central questions confronting all the countries that provide aid, is how can this aid be provided in conjunction with the much larger input of resources from the less developed countries themselves, with a mutual consideration of what are sensible development policies. I don't think it can be done terribly effectively by an aggressive program of bilateral negotiation in which the US or some other country says "You do this, or else you don't get any aid", I don't think it is going to work that way. But I do think that with the help of the World Bank and perhaps certain other international agencies one might develop a common view as to what needs to be done in these countries in order to promote their economic development.

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Speech of Mr. Woods at the Wiesbaden Conference.

Your Royal Highness, as briefly as possible I propose to address myself to the second question on the agenda, the future of world economic relations especially between industrial and developing countries. I will direct my attention particularly to the latter part, "especially between industrial and developing countries". I expect to touch on one or two recent developments affecting relationships between industrial and developing countries; then refer briefly to some of the previous comments on this general subject; and finally, if time permits, touch on Professor Tinbergen's paper.

First, I would like to observe that there has been, in the relatively recent past, an exceedingly important development in the area of development finance - that is financing productive economic development in the developing countries of the world. I refer to the collaboration between the principal aid-givers and the World Bank which has taken the form of a series of consultative groups. There are in existence today perhaps eight or nine of these consultative groups, those that come to my mind are groups for India, Pakistan, Colombia, Tunis, Nigeria and Sudan, and in addition for Turkey, Malaysia and Thailand. I believe that within the relatively near future, certainly within twelve months, three or four additional of these consultative groups will come into being. I think the probabilities are that there will be a group for Morocco, for East Africa, Korea, and very likely for Brazil. It is my hope that ultimately there will be 16 or 18 of these consultative groups which will relate at that time to countries which are receiving perhaps as much as 70 or 75% of the total development assistance which is being provided.

Some of these groups are chaired by the World Bank, one or two of them by OECD, and I believe there is one shortly to come into existence which will be chaired by the Inter-American Development Bank. We in the World Bank have no feeling of priority or proprietary interest in these consultative groups - personally, I am very much interested in having various agencies chair various groups in order that the most perfect possible techniques can be worked out in practical operation. I say that these organisations represent an important event because they do bring together, with a focus on a given host country, all of the important aid-giving countries in the Western world - that is Western Europe and North America (meaning the US and Canada) plus Japan. The collaboration, the coordination, the need to inter-relate the activities to which so many speakers have averted to, I believe is a recognised need and it seems to me that it is now receiving attention.

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In connection with these consultative groups for important aid-receiving host countries, I would like to observe that I am conscious of an increasing interest on the part of the Western European countries and North American countries, in collaboration, on economic matters, with Eastern European countries. It is true that the interest in such a collaboration is rather more evident in such countries as Hungary and Rumania and Poland rather than in the USSR itself, but nevertheless there is such a trend. We in the World Bank have received delegations within the past year from two of the Eastern European countries enquiring in depth into the steps that are necessary to become part of the Bank Fund family. The ultimate result of these, of course, will be seen only in the future. In passing, I might observe that we do have one Eastern European country among the membership of the World Bank and Monetary Fund, that is Yugoslavia. Poland and Czechoslovakia were members in the past, but they withdrew some years ago. Cuba withdrew shortly after its revolution and last August, most recently, Indonesia withdrew from the Bank Fund.

The presence of Yugoslavia is, without doubt, acting as a bridge between the other Eastern European countries and the Bretton Woods institutions, and I look forward with considerable interest to the results of the enquiries they have been making.

Further on the subject of collaboration and cooperation may I say that the regional development banks that have come into being, and are coming into being, the Latin-American entity to which I referred, the Inter-American Development Bank, the recently organized African Development Bank, and the about to be organized Asian Development Bank, all represent a modicum of collaboration and cooperation. The share-ownership of these entities differ in each case - there is no pattern. In the case of the Inter-American Bank, it is with the Latin-American countries plus the US; the Asian, you have heard in the past day or so, includes not only the countries in south-east Asia and the Far East but various European countries and the US. The African Development Bank, by decision of the Africans themselves, is limited so far as ownership is concerned to the African countries. In addition there is of course the European Development Bank. There is an increasing atmosphere of collaboration and cooperation, joint missions, joint study groups, joint economic reports, between the World Bank, the International Monetary Fund and the regional institutions. In addition OECD and its affiliated entity DAC are also involved in this general area of relationships - economic and financing relationships - between the industrial and the developing countries of the world.

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Mr. Spofford's suggestion is interesting. It should and will, of course, receive consideration. I must confess that having listened to Ambassador Murphy and one or two others, I have the instinct that the Treaty Organisation itself was essentially for military purposes and OECD, which has been in existence for a number of years, has a staff and an area in which it functions, in the broad field of development finance. I have felt that OECD was the chosen instrument so to speak of the Treaty Organisation for economic purposes. However, a coordinating review on a high level, the Ministerial level, would be constructive and some good could come of it provided that the Ministers came for a long, enough period of time to have an appreciation of the rather complicated problems that are involved.

Passing on to another subject that has been touched on, the general subject of the flow of aid, development finance, from the wealthier countries of the world and the form and the root it is taking. Sir Andrew Cohen may well be right that for an indefinite time in the future this aid will come from public sources, when he referred to the fact that it has been largely from public sources, I assume that he had in mind international agencies as well as the public sector. However, I myself believe that there can and should be - in fact, there must be - an increasing participation by the private sector. I am foursquare with my friend Mr. Abs in this regard. The amount of aid has been on a plateau for approximately five years, since 1961. As a result of this many of the under-developed nations are beginning to feel, and I think rightly so, that it will be private investment which brings experienced management and know-how; they are beginning to feel that the private sector must be cultivated, must be welcomed, and they must learn to live with the private entrepreneur and private capitalists from Western Europe, North America and Japan. My observation is that these underdeveloped countries are learning this fact of life by bitter experience; their efforts in the more sophisticated industrialized areas are, it is self-evident, something less than perfectly successful. I think they are realizing they must rely to a greater extent, they must open the door wider, make the welcome warmer for private entrepreneurs. We in the Bank have had this view for many years, we have worked consistently in the direction of encouraging private enterprise in the developing countries. We have recognized that the infrastructure, the basic power, transportation, telecommunications, port works and such, are properly things that must be handled by government, but we have also recognized that as the infra-structure becomes more and more complete there will

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be the need for private entrepreneurs to get the most out of the infra-structure that has been put in place. To this end we have - it has been touched on - been working diligently in the organization of an entity for the purpose of conciliation and arbitration. Strange as it may seem, there is nothing in the world which provides the arbitration or conciliation service as between sovereign governments and private investors. I believe that this entity will come into being before the end of the current calendar year. We have something in the order of 34 or 35 countries who have already accepted it, and ratifications are proceeding at a reasonable pace. When 20 countries have ratified the instrument it will be effective. This instrument having been completed as far as the thinking and planning is concerned, we in the Bank have turned our attention to what I consider is a sister or associated entity, and that is a multi-national entity for the guaranteeing of investments by private entrepreneurs. This idea has been explored for a long period of time. OECD has prepared a draft of a suggested convention and at the request of the Trade and Development Council (the Association of the Poorer Nations of the World) we in the World Bank, have been studying the OECD draft. I hope that by this fall our deliberations will have come to a point where we can publish a document with a view to floating a discussion, a series of meetings, on the subject of a multi-national agency for providing certain guarantees for private investment in the under-developed world.

In a word, the object will be to provide insurance for investors against expropriation, nationalization and also a modicum of protection against exchange risks.

It seems to us in the Bank that these two efforts should substantially open the door to private entrepreneurs who do have an interest but have been unwilling to accept the risks, which time has proved are implicit in making investments in the under-developed world.

Your Royal Highness, you have referred to the proposition of a relationship between NATO and the third world as being a proper subject for discussion at this meeting. I have already touched on this in referring to Mr. Spofford's remarks. My own view is that OECD/DAC are the vehicles which should work with the Regional Development Banks, with the World Bank, with the International Monetary Fund, and keep in touch with the consultative groups which are being organized between the aid-giving countries on the one hand and the host countries on the other hand.

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However, I believe that the representatives to all the diplomatic, political and military groups - including NATO - should be familiar with the economic problems of the underdeveloped world, and the particular problems of providing the finance necessary for development. They should be in a position to support, in their governments, sound development programs by the individual NATO countries. This would be on the theory of de-fusing the tinderboxes represented by incipient so-called wars of liberation which are, as I view it, in fact consciously or sub-consciously, wars of liberation from poverty, and as such perhaps the advocacy of financial assistance by the diplomatic and military representatives at the level of such international groups is a proper effort because it is a step in the direction of possibly avoiding conflicts for which preparation is being made.

Moving now to the comments that have been made by one or another of the conferees earlier today and yesterday, I can reservedly agree with Professor Mason in his comment on the desirability of finding a voice with the under-developed countries in connexion with the financing of development. Professor Mason suggested the World Bank as an international agency available for such a purpose. We, of course, would require the assistance, as they become more powerful and as they become more adequately staffed, of the regional agencies throughout the world. In this regard, I find myself in disagreement with my friend Mr. Abs. My few years of experience in this field has brought me to a feeling that foreign aid accomplishes several things and included among them are finance for aiding exports from industrialized countries, both industrial exports and agricultural exports, financing to further the diplomatic and military objectives of capital exporting countries; and parenthetically I find nothing evil or wrong about development finance in connexion with the furthering the exports of an industrialized country, or assisting in political or military objectives. I simply make a difference between financing for those purposes, and financing that is wholly and purely, solely and exclusively, in the interests of the developing country; financing that is organized and set up on a basis of obtaining the absolute maximum increase of productivity in the developing country for the money spent. The assistance received for the purposes to which I refer is, of course, welcome to the developing countries. However, development financing that is exclusively in the interests of the developing country, I believe can and should be administered by international multilateral agencies.

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I might take a moment, if I may, to make clear on what I mean by a multilateral agency. I think it is a stool that has three legs. It must be multilateral, it seems to me, from the standpoint of the source of its funds. In other words, a maximum number of aid-giving countries, industrialized countries, capital exporting countries, must be involved. Secondly, it must be multilateral from the standpoint of the recipients of the funds. They certainly must be more than one or two countries, and must involve not only regions but entire continents in some cases. Thirdly, and perhaps most importantly, a multilateral agency must include a professional and expert staff with a wide diversification of nationalities. In the World Bank, I must say that my task is made much easier with respect to applications from Latin-American countries when I know that I have a competent and experienced group of engineers, accountants, lawyers and businessmen, from the Middle East or from south-east Asia to vet the applications from Latin-American countries, and of course the converse is true. Thus "multilateral", to me, has to do with the source of the money, the final use of the money, and perhaps most important - the staff that administers the money. I do feel that the way we get the greatest increase in productivity for the money that is available is to use a multilateral agency.

Professor Mason also referred to the general area of supplementary finance and Mr. Heinz touched on that. We in the Bank have drawn up a rather detailed plan which reflects the germ of an idea originally put forward about two years ago by the United Kingdom and Sweden. It is built on the basic proposition that a developing country which has a sound and well thought out plan which has been approved in advance by an administrative agency, will receive assistance in the form of cash in the event that catastrophe overcomes its programs, particularly its export programs, arising from events which are completely beyond the control of that country. If a country does have such a plan, and if it does receive approval, and if its efforts have been satisfactory to the executing agency, this plan for supplementary finance would put that country in the possession of funds that it is being deprived of by reasons of developments and catastrophes beyond its control. The plan is now before the capital exporting countries, and only time will tell what is going to happen to it. It has certain attractions but on the other hand there is a question as to whether very many of the developing countries will be willing to accept the disciplines it contemplates.

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I agree with Sir Andrew Cohen on his comments with respect to Mr. Portisch's idea. I submit that we have a perfectly good idea in our present programs for financing development, particularly with the consultative group procedures. It is perhaps even a better one than the Marshall Plan; having in mind that it involves many more people, it involves far greater changes in their way of life, and it can be worked over and improved on in many ways and made to pay off for the developing countries over a great many years to come.

The future of the business of development finance depends to a large extent on collaboration between the representatives of the aid-giving countries, and as you know from what I have said, I am rather optimistic about the procedures which are now under way.

I must put into the record my full agreement with Mr. Chiaro's reference to the fact that there is no way to satisfactorily finance increased productivity in the developing countries unless there is political stability in the countries. This is the absolutely vital ingredient and it is beyond the control of those outside the host country. Gradually, I feel, political stability is coming in many important areas of the world, often in conjunction with economic stability. One feeds and depends on the other.

I move now to Professor Tinbergen's paper which I found exceedingly interesting and thought-provoking. I would like to make two comments as I close, with respect to it.

First, his use of global figures troubles me. In the World Bank we have 103 shareholders, 103 Governments, which are Members of our institution. About 20 of the 103 countries are capital exporting - that leaves 83 that are developing or capital importing countries. I might say that these capital importing countries receive approximately - again a global figure, I confess - four times as much foreign exchange on account of their export activities (Mr. Wyndam-White's area) as they receive from foreign aid or development finance. Their own exports are four times as important to them from the standpoint of foreign exchange as is the finance we have been talking about. The 83 capital importing countries in our membership are, I would say, divided approximately equally in three categories. The first category are countries where I believe there can be a substantial change for the better, there can be a light at the end of the tunnel so to speak, in the course of the next 10 or possibly 15 years.

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These include the countries I have mentioned as being subjects of consultative groups. These countries represent far and away the largest part of the population in the under-developed world.

There's another third at the other end of the bracket that, even for me and I am an optimist, have a long, long road to travel. I don't think anybody is going to see light with respect to those countries for a great period of time, possibly 50 years or more.

Progress with the middle third will depend very much on the progress made with the upper third. I have the hope, and even expectation, that over the years the third of our capital importing countries which I expect to markedly improve their position in the next 10 or 15 years will be doing more and more development financing in other developing countries lower on the rungs of the ladder of development than they are. The strain and the pressure on today's 20 capital exporting countries should be reduced. In fact it must be, and I think the job will be taken over to a gradually increasing extent by the top third of today's developing countries.

Thus, global figures that cover the world as a whole I think sometimes are misleading. Personally, I don't take much notice of the 20 billion dollars estimate. It is a frightening figure, and from my own experience I wouldn't know how to go about using it. In the Bank we look ahead five years, partly with the help of our economists and partly with the help of our 20 or 25 loan officers responsible for our loaning operations. We feel that perhaps 3 to 4 billion dollars a year, in addition to what is now being provided could be effectively and intelligently used over the next five years. My figure of availability at the present time is $9\frac{1}{2}$ billion dollars, from all sources including the Soviets, going to the poorer countries - this excludes the amounts that are repaid on principal. But if from the $9\frac{1}{2}$ billion dollars that in 1964, according to my figures, went to the developing world, there is deducted the interest, the dividends, the royalties, the service charges, etc., amounting to about 4 billion dollars, I say that 5 to $5\frac{1}{2}$ billion dollars is available to the under-developed world on the basis of 1964 facts for purely development purposes. I think 3 million dollars more than that would be a generous amount of aid, of development finance, if it could be provided. I think that the situation in the matter of money that could be intelligently used varies from country to country. We are always going to hear a great deal about India and Pakistan, because they are so large. It is not generally realized, Your Royal Highness, that the population of India alone is slightly

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more than the entire population of the continent of Africa and the continent of South America combined. In the continent of South America there are ten republics that are Members of the World Bank, in the continent of Africa there are thirty-four. That is forty-four countries, forty-four Prime Ministers, finance ministers, chiefs-of-staff- and still the aggregate population being discussed is slightly less than India. So we in the Bank do give a considerable amount of attention to India, and we have to because it seems to us that it is such an important leader in the developing world so that if we can get it slightly turned around so that it is beginning to help those that are less fortunate, we will have made a great step forward.

Secondly, in Professor Tinbergen's paper he says, "Finally a helpful contribution on the part of the developing countries might consist in a clear announcement of the sectors of industry which they consider an appropriate field for private activity. Each government is autonomous in its preference for public activity in some sectors, .." etc. I close with a clear and definite statement that we would prefer to have all governments cancel all previous announcements with regard to the sectors reserved for public operations and to make no more announcements for five years. I think we would then make progress in the private sector! Thank you very much.

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Speech of Mr. BELL at the Wiesbaden Conference.

There are many elements in the discussion which might provoke my comment.

Let me simply try to focus on one, and in passing say that I support very strongly what Professor Mason, Sir Andrew Cohen and Mr. Woods have said. In the case of Mr. Woods, there was one small exception. I do not agree that the productivity of economic aid is necessarily greater through international organizations, which is not to say that international organizations cannot be highly productive in their aid. The World Bank is; others in my opinion are not.

But I do not want to argue that point now, Sir, I would like to carry further a point that both Mr. Woods and Mr. Zijlstra alluded to and which in recent years has come to be at the very centre of the American concept of foreign assistance and that is an idea which has not been developed very extensively in this meeting so far. This is the idea that we should be working through our foreign aid programs to help achieve in the developing countries a situation, a condition of self-sustaining economic growth and the termination of concessional aid - concessional aid meaning aid in the form of grants or of loans at less than commercial rates of interest. We think this can in fact be a meaningful and effective standard of reference and objective to set for all of the major aid-receiving countries.

We have seen the achievement of this objective in some important cases already. Perhaps the most striking case is that of Taiwan. A few years ago it was commonplace in the United States to regard Taiwan as an indefinite pensioner of the U.S. But this has not turned out to be so. Effective economic policies on the part of the free Chinese Government on Taiwan, and effective economic assistance have resulted in a strong self-sustaining Taiwan-Chinese economy and we have in fact brought our economic aid to an end in that country. It is not needed any longer. The Chinese economy is growing at 5% per capita per year and has built into it now the patterns of savings and investments, the habit of reliance on private enterprise, sufficient competence and know-how, so that this rate of growth can be expected to continue. We see no reason why similar achievements cannot be expected, given sensible policies and sensible aid programs, in all of the major countries. We foresee, for example, that Brazil and Chile, within 5 years, could reach such a situation. We expect it quite definitely in Turkey in 5 to 7 years, we expect it in Korea. We think that in India and Pakistan it will take ten to fifteen years, but it is clearly visible within that kind of a time-scale.

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Now, if you look at the aid process this way, you reach several, very important practical conclusions. First of all, you have a standard of measuring the quality of economic policies in the developing countries and of aid policies in the donor countries which everyone can agree on, and you can work out standards of self-help and performance on the part of the aid-receiving countries which are based on technical judgments. And this makes the relationship - even a bilateral aid-relationship - much simpler than if it were simply a matter of one's ideology or one's doctrine. There are in fact enough common understandings among economists so that these matters can be approached on a straightforward technical basis with the expectation that similar judgments will be reached.

Secondly, there are very important implications about the amounts and the terms of assistance. If we set as our objective to achieve, in a minimum period of time, self-sustaining economic growth in the aid-receiving countries, then the conclusion follows that if those countries do undertake the self-help measures and the economic policies that will bring that about, it is incumbent on the aid-donor countries to provide sufficient assistance and sufficiently soft terms to help them achieve their objective. This provides a standard for measuring the sufficiency and quality of the assistance that is to be made available by aid-donors which, I submit, is a far more realistic and useful standard than the overall global figures which Professor Tinbergen has quoted in his paper.

Moreover, this notion gives us some basis for trying to achieve stronger and broader popular support in our own countries, in the aid-donor countries. Because this means we can show that the assistance process has a limited duration and a clear and sensible objective.

Now, obviously, when a country has achieved a self-sustaining economic growth, it is not necessarily a capital-exporting country. Quite the contrary. Taiwan, for example, will need capital imports for many years to come, but it can afford to obtain those imports on essentially commercial terms: from the World Bank, from our own Export-Import Bank and the corresponding agencies in other Governments, and through increasing amounts of private investment.

Lastly, this set of ideas, I believe, gives us a firm substantive basis for aid coordination. We have seen this in practice when we have worked with the World Bank, the International Monetary Fund, and other Governments in certain specific cases, notably Brazil, Chile, Colombia and now we hope India. We can find common ground, normally under the leadership of the technical staff of the World Bank, for assessing

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the self-help policies which we should ask the aid-receiving country to adopt, and for determining the amounts and types of aid which the aid-donor countries should be asked to provide. So that this set of ideas, I think, gives us a solid technical basis for a coordination.

I would not want to exaggerate, Your Royal Highness, the speed or the efficiency with which we can achieve self-sustaining growth in every country. I would like, in closing, however, to comment that I am not at all sure I agree with Mr. Woods that there are one third of the developing countries one should call hopeless. We in the United States have not yet found a hopeless case. We have not analyzed all the countries yet from this point of view, but Taiwan was not a hopeless case, Korea is not a hopeless case, Jordan is not a hopeless case, Laos is not a hopeless case, and this reduces us to the question whether Somalia is a hopeless case and I am not yet sure about that one!

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Speech of Sir Andrew Cohen at the Wiesbaden Conference.

1. I think perhaps the most useful contribution I could make to this Meeting would be to say nothing except to express full agreement with what Professor Mason has just said. There is really nothing that I can add except to cross the t's and dot the i's. Like Professor Mason I broadly accept Professor Tinbergen's diagnosis of the nature of the problem facing us. That statement is the statistical counterpart of Mr. Reuther's inspiring speech yesterday.
2. At first, I must confess, I was a little concerned at this and other suggestions made yesterday, because I thought these were pleas that NATO should get into the aid and development business. That, as Mr. Murphy said, would be proliferation indeed. And it would be the kiss of death to the kind of co-operation with the third world which is vital to successful aid programmes.
3. But I realise on reflection that I should not have been concerned about these suggestions, but pleased. I am going to take it that what was meant was that NATO as such should not get involved in aid, but that members of the Atlantic community, through the proper organisations in the U.N. family and through the Development Assistance Committee of the O.E.C.D., should stretch themselves to the limit to make their full contributions to the problems of underdevelopment. On that basis I align myself 100 per cent with Mr. Reuther and others who spoke in a similar vein yesterday.
4. As I understand the position, the essence of what Professor Tinbergen says in his paper is that the gap in wealth and development between the richer and poorer nations is widening, not narrowing, and that this leaves large parts of the world in poverty or stagnation. That is the essential point, the stark and alarming fact that we have to face. I say alarming both because it is dangerous to world stability and because it is an affront to our consciences.
5. This state of affairs cannot be reversed without positive action of a world scope and on a massive scale. Professor Tinbergen's plea for a doubling of world aid flows in a few years may be thought by many too ambitious. If we could do half this it would be a major triumph. But the prospects even of this are not good, let us face it.
6. Net official aid has tended to remain stuck on a plateau in the last three or four years and does not show much sign of getting off it. Our own record in Britain is quite good. The total of British Government

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aid disbursements is expected to be 18% higher in the coming financial year 1966/67 than in 1964/65. But, unless my Minister can persuade Sir Eric's to give us a bigger share of the National Plan, we may not be increasing much thereafter in the next two or three years. I get the impression that the prospects of other countries are similar.

7. Therefore we may not collectively achieve the kind of increase in official aid flows which we must, I believe, all accept to be needed. I propose to leave trade, commodities and private investment to others, not because I in any sense under-rate their importance, but because I do not want to lengthen this speech. I will only say that the prospects of changes in trade relationships, or of commodity arrangements, making a major contribution to reducing the gap between rich and poor countries, or solving the problem of poverty, are, as Professor Tinbergen implied, not very good. Hence the picture is extremely gloomy. We cannot deny it.

8. But we can be too statistical. We have learnt the word "gapology" from Professor Mason this afternoon. Gap statistics themselves tend to contain an intellectual gap. There are certain things which we can and must do - and I believe will do - in the present world situation. I would like to mention five of them if you will allow me, Your Royal Highness.

(1) We must make arrangements as between donor and recipient countries to give aid the best chance of being effective. Professor Mason has made this point. I wish to emphasise it as strongly as I can, because I believe it is at the root of the whole matter. It is not just the point that developing countries must be more efficient, although heaven knows they must be. We ourselves must be more efficient in this respect. If we do not succeed there will be waste of resources, frustration on the part of developing countries, and disallusion on the part of donor countries, making it less likely that they will increase their aid. In our relations with the developing countries we in Britain have been inhibited by our ex-colonial past. We have hesitated to impose conditions on our aid because of fear of being neo-colonialistic. But we are getting over this inhibition.

Professor Mason has said that donor countries are fully entitled to impose conditions on their aid. I would go further and say that they are not only entitled to do so, they are not entitled not to do so. And let me make it very clear that when I say conditions I do not mean political strings, but conditions directly relating to aid and development and designed to make aid more effective. But at the same time there is a limit to what individual countries can do, because the volume of their aid individually may not be large enough to influence the receiving countries

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in the right direction. International agencies can often be more effective in imposing conditions. But most aid is going to continue bilateral, because aid is so important in relations between countries that it is going to continue to flow from country to country, from the power centre to the power centre. Hence we need to marry international with national arrangements. The Consortia and Consultative Groups organised by the International Bank have a vital part to play in this.

(2) We must work together much more closely as donors to mobilise our bilateral resources within the framework of coherent plans. We must in fact devise means of working out priorities on a world scale - or at any rate a free world scale. The United States Agency for International Development has shown what can be done in the concentration of aid and we have learnt from them the admirable policy of anti-scatterisation. But, given the limited resources available from all countries, it is not sufficient to fix priorities on a national scale. We ought to practice anti-scatterisation on a world scale; this would involve much closer co-ordination than has been achieved or attempted so far.

One has only to compare the French, the American, the Swedish, the German, the Italian, the Japanese, the British and of course the Dutch programmes. There are wide differences between them. The points of co-ordination are so far only limited. There is no coherent pattern. If we are to improve this situation two things must be done. First the Development Assistance Committee must be made much more effective than it has been hitherto. This needs action both by the Member Governments and by the Secretariat. Secondly we must spend much more time on bilateral co-ordination between donor governments and be prepared to devote more manpower to this. It is not always easy at present with our limited resources of personal dealing with aid management. I have felt this myself when, for example, I visited the A.I.D. office in Karachi and found that their staff was 117. The British staff in Karachi dealing with aid matters was only two or three. If we are going to do the job we must have the men to do it.

(3) We must give priority to technical assistance, to the supply of men and women, to training of local people, to the transfer of know-how, to surveys, consultancies and educational aid. This is sure fire. Technical assistance must be pure gain if properly organised. Not only advisory personnel but operational personnel is needed. The French and we have led the way in operational personnel and are proud of this development from our Colonial pasts. We in Britain give absolute priority to technical assistance and the Ministry of Overseas Development and bodies associated with it recruit about 3,000 people a year for the purpose.

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We are much encouraged by the recent aid messages of the President of the United States and particularly the emphasis on building up small career services in the message on education and health.

(4) We must concentrate on points of breakthrough in the field of science and advanced technology. I am thinking of such activities as de-salting of water, pest control and of above all population control. Dr. Enke says that aid given for population control, if it is well organised, would be one hundred times more effective than the same amount of financial aid. This is no doubt an exaggeration, but the point is essentially a sound one.

The major part of the underdeveloped world is not yet in a position to operate effective research services on the scale which is needed. There are countries which can do this, such as India, Brazil and Mexico. There are many others which have neither sufficient first-class scientific manpower available nor enough money which can be diverted from needs which seem more urgent in the short run. The results of scientific research are of benefit to many countries. National frontiers mean little in science. Research is therefore a peculiarly suitable field for outside and international help, and the major donor countries and international agencies must make a special effort to give assistance in this field.

(5) We must support the aid programmes of international agencies.

Here the picture is more hopeful than the general picture of aid prospects. By 1967, according to the best projections, multilateral aid may be expected to have grown by 50% over the three preceding years. It will by then have risen from 14% to 18% of the gross total. We must support the replenishment of the funds of the International Development Association which will have to be considered later this year - and we hope that those countries who, we feel, have given proportionately less in relation to their resources - will consider redressing this. We must support the new U.N. Development Programme formed by the merger of the U.N. Special Fund under Paul Hoffman and the Expanded Programme of Technical Assistance under David Owen. We must give most serious consideration to the scheme for Supplementary Financial Measures worked out by the International Bank staff in response to the UNCTAD resolution of 1964 promoted by Sweden and Britain.

We are anxious to work closely with the U.N. Development Programme and with the International Bank. We acknowledge George Woods as our leader. I wish that Dr. Prebisch was here. If he was, he might repeat the remark he made at the seminar which our Ministry recently organised at Oxford.

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Dr. Prebisch then described George Woods as the Pope John of the International Bank. We must give him all support. It is not sufficient to support him in words; we must help provide him with the resources which will give him more power to his arm.

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